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TAX HELP DUE FIRMS AIDIN IN CUBA SWAP

Internal Revenue Service Expedites Ruling On Donations

Castro lifts ban on food, clothing shipments to prisoners. Page 8

Washington, Dec. 19 (P-The inernal Revenue Service ruled tolight that any person or any firm hat donates medicine or food in he Cuban prisoner exchange may ist the value as a charity tax leduction.

leduction.

Mortimer M. Capillo, revenue commissioner, said and special privilege is being granted, but the uling is an interpretation of the aw under which some 40,000 taxpayers get similar deductions each ear.

This means drug manufacturers will be permitted to charge off 25,000 din in taxes for the drugs prepared of shipment to Cuba if Idel Castro releases the 1961 inasion captives.

It could bring repercussions rom members of Congress who rave said such deductions would n effect be a direct use of Government money to pay ransom.

Red Cross Handles Supplies

"It was ruled that contributions would be deductible since they as charitable under the tax law, Caplin said in a statement. In this ill-fated invasion. case the Red Cross is handling the medicines and food.

Deductibility of contribution would be subject to the percentage limitations provided in the Interna Revenue Code. This is 5 per cen of net income for all charities each year, which would provide con siderable leeway in the case o drug manufacturers, a servic spokesman explained.

The contributed goods are vaued at the lowest price at which the goods are regularly sold t the contributors' usual customers That means the drug manufac rers would get deductions at holesale prices.

"To preclude double deduction." aplin said, "appropriate account-g adjustments must be thode to emove the cost of goods contribted from costs of goods gold" in ne project.
"Customarily Expedited"

The commissioner, in commenting on the speed with which his gency acted in ruling on the uban prisoner cache donations.

"On showing of humanitarian or ther pressing reasons rulings re customarily expedited. These ulings were expedited under this tandard and in no other respect

tandard and in no occurrence out of the ordinary.

Opposition to such relief was appreciated earlier in the day by Hickenlooper loval. enator Hickenlooper live a hairman of the Senate Republi an Policy Committee. It said twould be a "direct said of government money for the payment f. Pansom''

But Schalor Mansfield (Mont.) Democratic leader, predicted that Congress would go along with any Administration move to give tax elief to the drug manufacturer Earlier in the year, key me

ers of Congress killed a move to ing to furnish medicine for the use \$13,500,000 in available Central Intelligence Agency funds to this is not payment of ransom but ral intelligence Agency funds to a cooperative gesture on the part of the Government to undertake such tax relief," Mansfield said. "If this country had not been along with the direct use of Fedwhat they called ransom.

Any tax allowance would be an Administrative matter which or to giving the tax relief. Inarly would not be reviewed by Congress. But the ransom charges money for ransom," he said. "We hesitate to revive them.

States has an obligation to the Castro has demanded \$62,000,000

"If the drug companies are will-the difference.

eral funds for the payment of the prisoners that would put a different aspect on the matter.'

have stirred such a furor in the would be yielding to ransom depast the Administration might mands just the same as was proesitate to revive them. posed in the trading of tractors
Mansfield said that the United for prisoners."

went to an organization qualifying states has an obligation to the in food and drugs for release of prisoners because it is in part responsible for their plight after the the prisoners. Presumably enough food would be offered to make t

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